

Message Text

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15

ACTION EA-09

INFO OCT-01 ISO-00 USIE-00 AID-05 CIAE-00 COME-00 EB-07

FRB-03 INR-07 NSAE-00 XMB-02 OPIC-03 SP-02 CIEP-01

LAB-04 SIL-01 OMB-01 NSC-05 SS-15 STR-04 CEA-01 L-03

H-02 PA-01 PRS-01 ITC-01 SSO-00 NSCE-00 INRE-00 /079 W

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FM AMEMBASSY TOKYO

TO TREASURY DEPT WASHDC IMMEDIATE

SECSTATE WASHDC IMMEDIATE 2022

C O N F I D E N T I A L TOKYO 13266

TREASURY FOR YEO, WIDMAN AND SYVRUD

E.O. 11652: GDS

TAGS: EFIN, JA

SUBJECT: PM MIKI CALLS MOF FUJIOKA TO EXPLAIN FOREIGN CRITICISM
AGAINST LOW YEN RATE

1. MOF DIR GEN INTL FIN BUR MASAO FUJIOKA RECEIVED UNEXPECTED
REQUEST SEP 1 TO MEET WITH PM MIKI WHO SOUGHT CLARIFICATION OF
FOREIGN CRITICISM (PRESSURE) THAT YEN RATE IS TOO LOW. FUJIOKA
SURPRISED THAT MIKI WOULD PERSONALLY INQUIRE ABOUT THIS
ISSUE IN VIEW OF HIS PREOCCUPATION WITH PARTY AND POLITICAL
TROUBLES.

2. JAPANESE PRESS REPORTED ON SEP 2 FORTY-MINUTE MEETING
AS FOLLOWS: FUJIOKA EXPLAINED THAT SERIES OF FOREIGN
CRITICISMS OF LOW YEN RATE ARE MOSTLY BASED ON MISUNDERSTAND-
ING ABROAD AND MOF IS MAKING EFFORTS TO CORRECT THAT MISUNDERSTAND-
ING. PM MIKI SAID THAT AT SAN JUAN PARTICIPANTS AGREED TO SOLVE
THE PROBLEM (OF EXCHANGE RATES AND TRADE IMBALANCES?) BEFORE
IT BECAME A SERIOUS ISSUE. IN ANSWER TO FUJIOKA, PM
WAS REPORTED AS ISSUING AN ORDER SAYING "I WANT YOU TO
CONTINUE EFFORTS FURTHER TO DISPEL THE MISUNDERSTANDING
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BEFORE THE VOICES OF CRITICISM BECOME STRONGER."

3. EMBASSY COMMENT: PM MIKI WAS FULLY INFORMED ABOUT FUJIOKA'S OUTBURST OF LAST DEC THAT U.S. TREASURY WAS NOT KEEPING MOF FULLY INFORMED ON EXCHANGE RATE AGREEMENT AND GOLD.

4. FINATT INFORMED BY HIGH-LEVEL BOJ OFFICIAL THAT FUJIOKA IS PRESSING VERY HARD FOR ACCELERATING "YEN SHIFT," WHICH BOJ IS RESISTING. OFFICIAL INFORMALLY ADVISED THAT EVOLUTIONARY CHANGE COULD PROBABLY NOT BE CRITICIZED BUT CONCERTED ACCELERATION TO GENERATE CAPITAL OUTFLOWS WOULD PROBABLY BE REGARDED BY OUTSIDE WORLD AS FURTHER "EVIDENCE" THAT JAPAN WAS MANIPULATING THE EXCHANGE RATE.
SHOESMITH

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: FOREIGN EXCHANGE RATES, YEN (CURRENCY)
Control Number: n/a
Copy: SINGLE
Draft Date: 02 SEP 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: BoyleJA
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976TOKYO13266
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D760333-0156
From: TOKYO
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19760995/aaaaddth.tel
Line Count: 76
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EA
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: BoyleJA
Review Comment: n/a
Review Content Flags:
Review Date: 28 MAY 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <28 MAY 2004 by CunninFX>; APPROVED <23 SEP 2004 by BoyleJA>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: PM MIKI CALLS MOF FUJIOKA TO EXPLAIN FOREIGN CRITICISM AGAINST LOW YEN RATE
TAGS: EFIN, JA, (MIKI, TAKEO), (FUJIOKA, MASAO)
To: TRSY STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006